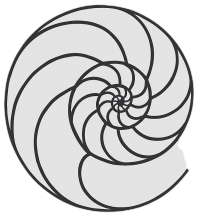

# U.S. Structural Forecast: 2020–2035

**Structural Futures Series**

**hn.cbp**

***Pseudonymous Author***

## Executive summary

From 2020 through 2025 the United States experienced a series of overlapping structural stressespublic-health shock, supply-chain realignment, labor market dislocation and rapid digital adoptionthat reset policy tradeoffs and corporate strategy. Over 2026-2035 the U.S. trajectory will be defined by three contesting dynamics:

- (1) frontier innovation buoyed by concentrated capital and talent;
- (2) uneven diffusion of technology and opportunity that produces layered regional and sectoral disparities;
- and (3) renewed political and governance pressure to reconcile redistribution, productivity, and strategic resilience.

The likely outcome is a multi-speed United States: pockets of rapid economic and institutional modernization juxtaposed with persistent areas of stagnation. Managing this transition requires policy emphasis on absorptive capacity, resilient infrastructure, inclusive diffusion, and pragmatic governance reform.

# 1 Narrative arc, 2020–2025

The pandemic and its aftermath revealed tangible constraints in public health systems and logistics. Fiscal and monetary responses sustained aggregate demand and assets but also changed distributional pressuressupporting households while increasing public and private leverage. Firms accelerated automation and digital transformation to manage labor shortages and productivity needs. At the same time, supply chains rebalanced toward resilience, not pure cost minimization, and geopolitical tensions hardened trade and technology policy. Politically, polarization increased the salience of distributional fairness and economic security, pushing states to experiment with distinct policy mixes. These shifts created a baseline of higher structural heterogeneity entering 2026.

# 2 Core drivers shaping U.S. outcomes, 2026–2035

1. **Frontier technological concentration.** Leading clusters-AI, semiconductors, biotech, advanced manufacturing, and cloud infrastructure-remain highly concentrated in select metro regions. Capital and talent cluster around these nodes, increasing returns at the frontier.
2. **Absorptive capacity gap.** Many firms and regions lack the organizational, managerial, and workforce capability to adopt frontier technologies, limiting broad productivity growth.
3. **Labor market transformation.** Aging cohorts, altered labor force participation, and the rise of hybrid human–AI roles change demand for skills. Care and service sectors expand while routine tasks shrink.

4. **Fiscal and monetary normalization.** Following expansive policy responses, the macro environment settles into a regime of moderately higher real rates, altering investment calculus and public debt service dynamics.

5. **Regional divergence and housing dynamics.** Housing supply constraints in high-growth metros drive living-cost pressures; regions without housing affordability or modern infrastructure lose competitiveness.

6. **Climate risk and resilience costs.** Increasingly frequent and severe climate events require substantial adaptation investments, with localized fiscal stress for vulnerable municipalities and states.

7. **Information environment and trust.** Fragmented information ecosystems complicate consensus on public policy, affecting legitimacy and the speed of reform implementation.

8. **Geostrategic economic policy.** Technology and critical-material policy push trade toward managed relationships and domestic capacity building for strategic industries.

# 3 Mechanisms and reinforcing feedbacks

- **Frontier–Diffusion Divide.** Concentration at the frontier drives innovation but creates a diffusion gap: without targeted adoption policies, national productivity gains remain limited and inequality rises.

- **Cost-of-Living–Mobility Loop.** High housing and living costs in productive metro areas push a share of middle talent to secondary regions or remote work; where secondary regions lack absorptive capacity, talent flight diminishes local growth potential.

- **Debt–Service–Investment Tradeoff.** Elevated public liabilities and higher real rates force tighter fiscal space, constraining public investment in infrastructure and human capital unless taxes or priorities shift.

- **Climate Fiscal Squeeze.** Recurrent climate shocks push emergency spending into medium-term maintenance and adaptation, crowding out investment in long-term productivity enhancers.

- **Labor Transition Friction.** Rapid automation without coordinated reskilling increases structural unemployment pockets and political pressure for protective measures, slowing reallocation.

- **Information Legitimacy Friction.** Persistent contestation over facts reduces the political bandwidth for ambitious, long-term reforms.

# 4 Scenario trajectories to 2035

## Scenario 1 – Technological Lift and Managed Diffusion (Baseline)

The United States marshals a mix of federal and subnational policiesexpansive but targeted workforce development, housing easing in key metros, and strategic industrial incentivesthat enable wider adoption of productivity-enhancing technologies. Public and private investment in regional innovation hubs and connectivity reduces the frontier-diffusion gap. Growth moderates but is inclusive enough to avoid large-scale political backlash. Climate adaptation financing is scaled through state-federal partnerships. Real rates stabilize at moderately higher levels that support private investment in capital-intensive projects.
**Outcomes:** Moderate productivity rebound, managed inequality, resilient supply chains, and stronger domestic capacity in strategic industries.

## Scenario 2 – Concentrated Prosperity, Peripheral Stagnation (Risk)

Frontier clusters continue to accelerate, but diffusion fails to reach large swaths of the country. Rising housing and infrastructure costs concentrate talent and capital, leaving non-clustered metro and rural areas in persistent stagnation. Political polarization intensifies as regional grievances solidify. Federal policy remains fragmented and reactive, leading to cyclical crises at the municipal level.
**Outcomes:** High productivity in frontier sectors, stagnant median incomes nationally, increased regional political fragmentation, and chronic fiscal stress in some localities.

## Scenario 3 – Policy-Led Renewal (Optimistic)

A bipartisan, pragmatic coalition forms around a package of structural reforms: major investments in housing supply, a national lifelong-learning system, predictable industrial incentives, and effective climate adaptation finance mechanisms. These reforms significantly narrow the frontier-diffusion gap, produce sustained productivity growth across regions, and rebalance public finances through growth and targeted fiscal reform.
**Outcomes:** Strong broader-based growth, improved labor market mobility and resilience, and a more cohesive domestic political economy.

### Scenario 4 – Crisis and Fragmentation (Tail risk)

A confluence of shocksmajor climate events, rapid increases in borrowing costs, and political stalematetriggers acute stress in state and local finances, leading to service retrenchment, migration and localized economic collapse. National coordination falters, and policy responses remain piecemeal.
**Outcomes:** Regionalized humanitarian and economic crises, supply disruptions, and long-term human capital loss in affected areas.

## 5 Sectoral implications

### Technology & Innovation

- Trajectory: Continued frontier concentration; rapid advances in AI and biotechnology.
- Implication: Regulation and standards become central; firms investing in interoperability and diffusion capture new markets. Public policy must prioritize workforce pipelines, digital infrastructure, and open standards to maximize widespread gains.

### Manufacturing & Supply Chains

- Trajectory: Near-shoring and modular production increase resilience at the expense of some efficiency.
- Implication: Areas with industrial infrastructure can win near-term investment if workforce and logistics are aligned. Policy instruments: tax incentives for regional manufacturing, targeted workforce retraining, and ports/logistics modernization.

### Labor & Education

- Trajectory: Demand shifts to hybrid roles combining technical literacy and complex interpersonal skills (AI-assisted professionals, advanced care workers).
- Implication: Expansion of community college capacity, mid-career reskilling subsidies, industryeducation partnerships, and portable credentialing systems become critical.

### Housing & Urban Policy

- Trajectory: Metro areas with restrictive zoning and slow housing supply adjustment experience acute affordability stress.

- Implication: Reform of land use, streamlined permitting, and federal incentives for affordable housing production are essential to maintain talent agglomeration benefits.

### Healthcare & Social Services

- Trajectory: Aging population and persistent public-health risk require integrated digital health and care workforce strategies.
- Implication: Investment in telehealth, workforce expansion for long-term care, and payment reform to prioritize outcomes over volume.

### Finance & Public Finance

- Trajectory: Gradually higher real rates and legacy fiscal commitments constrain discretionary policy.
- Implication: Emphasis on efficient public investment, social insurance redesign, and new revenue tools or reprioritization to preserve growth-oriented spending.

### Climate & Infrastructure

- Trajectory: Increasing adaptation needs; infrastructure spending focused on resilience and mitigation.
- Implication: Prioritize resilient infrastructure financing mechanisms, pre-disaster investment, and incentivized private-public partnerships.

## 6 Policy priorities and sequencing

### Immediate (2026–2028)

- National reskilling surge: deploy targeted grants to community colleges and employer training partnerships in sectors with acute shortages.
- Housing unblock: federal matching funds to incentivize state/local zoning reform and fast-track affordable housing projects.
- Resilience stabilization: initial federal grants to shore up municipal emergency response capacity.

### Medium term (2028–2032)

- Lifelong learning architecture: establish a national portable credential framework, income-contingent micro-loan subsidies for mid-career retraining.
- Strategic industrial policy: coordinated, transparent incentives for semiconductors, clean energy manufacturing and critical minerals processing, tied to diffusion commitments.
- Climate adaptation finance: a blend of federal guarantees, state bonds, and private capital for resilient infrastructure.

### Long term (2032–2035)

- Integrated migration and labor policy: calibrated immigration pathways to meet specific skill shortages and demographic deficits.
- Institutional modernization: streamline federal–state regulatory coordination in high-impact domains (AI safety, data portability, critical infrastructure).
- Fiscal sustainability framework: multi-decade plan aligning investment, debt management, and revenue reforms to preserve public capacity.

## 7 Operational KPIs and monitoring

**Quarterly indicators**

- Frontier diffusion metric: share of firms in mid-size metros adopting advanced AI tools vs. frontier firms.
- Housing affordability index (selected metros).
- Labor retraining enrollment rate: participants per 10,000 working-age adults.
- Critical infrastructure readiness score: ports, grids, and logistics availability.

**Annual indicators**

- Productivity growth dispersion: ratio of 90th percentile firm productivity to median.
- Net fiscal position of major states: share of states with structurally balanced budgets.
- Workforce participation and labor force replacement ratio (by age cohort).

- Climate adaptation investment gap: estimated adaptation needs vs. committed funding.

# 8 Private-sector strategic implications

1. Invest in diffusion capability. Firms should budget not only for frontier R&D but also for internal adoption systems: change management, integration teams, and workforce pipelines.
2. Adopt modular supply-chain architectures. Flexibility protects against regional shocks while enabling near-term responsiveness.
3. Engage in regional ecosystems. Anchor firms can catalyze local workforces and infrastructure; partnerships with local governments lower adoption friction.
4. Prepare for regulatory shifts. Firms should build compliance strategies with scenario plans for higher regulatory scrutiny in AI, data flows, and climate reporting.

# 9 Risks, uncertainties, and contingency

**Key uncertainties**

- Pace and scale of AI-driven productivity at the firm level and its aggregate spillovers.
- Trajectory and severity of climate shocks and their fiscal consequences.
- Political willingness for large-scale, cross-party institutional reforms (housing, education, migration).
- Global geopolitical developments that alter technology and resource access.

**Contingency**

- Maintain flexible policy tools that can be scaled rapidlytargeted grants, wage subsidies for retraining, and bridge financing for municipal resilience.
- Prioritize investments that are robust across scenarios: broadband, community college capacity, modular manufacturing capability, and resilient ports.

# 10 Concluding judgment

Between 2026 and 2035 the United States will likely chart a path of uneven modernization: substantial frontier advances paired with localized stagnation unless policy and private-sector strategies emphasize diffusion, resilience, and inclusive human capital development. Pragmatic sequencingshort-term crisis containment and labor market stabilization; medium-term structural investments; long-term institutional reforms-will determine whether the country achieves broadly shared productivity gains or slides into a more fragmented economic landscape.

# Copyright and Publication Notice

© 2025 hn.cbp. All rights reserved.

This work is licensed under Creative Commons Attribution 4.0 International (CC-BY-4.0)
https://creativecommons.org/licenses/by/4.0/

**Permanent Identifiers** (will be updated within 24 hours of upload)

DOI: https://doi.org/10.5281/zenodo.17867593
SSRN: https://ssrn.com/abstract=xxxxxx
Archive: https://archive.org/details/xxxxxx

First published: 9 December 2025

The author remains pseudonymous at the time of publication and reserves the right to reveal identity at any future date without further notice.

*This document constitutes prior art and establishes first publication date for copyright purposes.*